GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3331
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Economic Indices
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has revised the base year of Indian Wholesale Price Index (WPI) from 2004-05 to 2011-12;

(b) if so, the reasons therefor along with the features of the new series of WPI and the major conceptual difference between WPI 2004-05 with WPI 2011-12; and

(c) the steps taken by the Government to modernise India's data collection methods and also the way it calculate various economic indices?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b) The Government has revised the base year of All-India Wholesale Price Index (WPI) from 2004-05 to 2011-12. The revision of the base year of the macroeconomic indicators is a regular exercise to capture structural changes in the economy and to improve the quality, coverage and representativeness of the indices. The base year revision of WPI has aligned the series with the base year of other macroeconomic indicators such as the Gross Domestic Product (GDP) and Index of Industrial Production (IIP). The new series of WPI has the following salient features and improvements over the old series:

â€¢ The revised basket of WPI and its weighting structure conform to the structure of economy in 2011-12.
â€¢ The number of items in the basket has increased from 676 to 697 and the number of price quotations has increased from 5482 to 8331.
â€¢ New series of WPI does not include indirect taxes. This is in consonance with international practices and will make the new WPI conceptually closer to Producer Price Index.
â€¢ A new "Food Index" is compiled to capture the inflation in food items.
â€¢ Seasonality of fruits and vegetables has been updated to account for more months as they are now available for longer duration.
â€¢ Item level aggregates for new WPI are compiled using Geometric Mean (GM) instead of Arithmetic Mean.

(c) The Government has modernized the data collection methods by adopting international norms and global best practices such as submission of data online through web portals, use of computer assisted personal interviewing methods etc.

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